

## **ARIZONA STATE PROCURMENT OFFICE SMALL PURCHASING GUIDELINES**

Arizona State procurement laws and regulations require competition for most purchases of more than \$1,000. Formal competitive bids or proposals are required for most purchases over \$35,000. Less formal procedures are required for smaller purchases under \$25,000. The following guidelines apply to small purchases:

### **\$0 - \$1,000**

**Purchases shall be made using adequate and reasonable competition.**

### **\$1,001 - \$5,000**

**Obtain a minimum of three verbal quotes.**

### **\$5,001 - \$9,999**

**Obtain a minimum of three written quotes.**

- Businesses invited to submit quotes shall be rotated;
- At least one quote must be from a small minority-owned or women-owned business; and
- Contract shall be awarded to a small business, if practicable.

### **\$10,000 - \$25,000**

**Post on the Arizona State Procurement Office electronic notification system.**

- Businesses invited to submit quotes shall be rotated.
- At least one quote must be from a small minority-owned or women-owned business; and
- Contract shall be awarded to a small business, if practicable.

### **\$25,001 - \$35,000**

**Post on the Arizona State Procurement Office electronic notification system.**

- Any business may submit a quotation and qualify for contract award.

## **Do state agencies have to obtain quotes if the required product or service is on state contract?**

No. State contracts combine agency requirements under one contract. Agencies benefit from quality products and services, the value achieved through economies of scale, convenience and conformance with state requirements and laws. Examples include office suppliers, copy machines, interpreting services, computers, travel services and office furniture. Arizona State agencies are required to purchase products and services from mandatory Arizona State contracts.

## **How many quotes are required for purchases of less than \$1,000?**

Quotes are not required but good business judgment should be applied for purchases costing less than \$1,000. Buyers shall seek a fair and reasonable price for suitable products and services. It may not make sense to invest an hour seeking quotes for a \$25 purchase, but it may be a good idea to obtain a comparable price when making a \$400 purchase. When practical, buyers should purchase from a small business and look for new sources, including minority-owned and women-owned businesses.

## **What is a “small business”?**

A small business is one with less than \$4 million in annual revenue **OR** less than 100 employees. For example, a business with annual sales of \$20 million and 75 employees is a small business.

## **What is a “minority-owned” or “women-owned” enterprise?**

Any business that is 51% or more minority or women-owned is classified as a minority-owned or women-owned business.

## **What is the difference between a verbal and written quote?**

An oral quote may be obtained over the phone or in person while a written quote must be in written form like a letter, fax or e-mail. Written confirmation of a verbal quote ensures mutual understanding and is always a good idea.

## **Why three quotes?**

Three price quotes is a tradition in public procurement. In theory, three price points are necessary to determine a fair and reasonable price. While three quotes are required, buyers are encouraged to seek additional quotes, especially if a better value may be achieved.

## **What if I call three firms and cannot obtain three quotes?**

Buyers are required to request three quotes from firms who are likely to offer the required product or service. For example, buyers should not seek quotes for hardware from a fast food restaurant or a toy store. Despite our best efforts, sometimes only one or two sources may respond with a quote. If there is time and other potential sources, buyers should request one or two more quotes. If there is not enough time and the price is fair and reasonable, buyers shall document their effort and award the purchase.

## **How do I “rotate” quotes?**

The purpose for rotating quotes is to share contracting opportunities with the entire business community by seeking different sources. You may request a quote from the previous supplier. The remaining quotes should be invited from enterprises that were not contacted for previous purchases.

### **How do I find minority-owned and women-owned enterprises?**

The Arizona State Procurement Office is developing a new supplier registration system that will help you locate small, minority-owned and women-owned businesses with ease. There are many other excellent tools to help you locate businesses for quotes, including Bid Source, Grand Canyon Minority Business Development Council, National Organization of Women Business Owners (NAWBO), Hispanic Chamber of Commerce and the Black Chamber of Commerce. The Arizona Department of Commerce also publishes a business directory and maintains a database. If you still need assistance, call the Arizona State Procurement Office, Department of Commerce, Governor's Office for Equal Opportunity or a colleague.

### **Am I limited to only one quote from a minority-owned or women-owned business?**

No. You may contact as many minority-owned and women-owned businesses as you wish, as long as you contact at least one.

### **Can I split purchases to avoid the requirements for quotes or bids?**

No. Arizona laws prohibit artificial splitting of requirements to avoid seeking quotes or bids. Combining or "bundling" dissimilar items to limit competition is also prohibited.

### **What if I do not have time to obtain three quotes?**

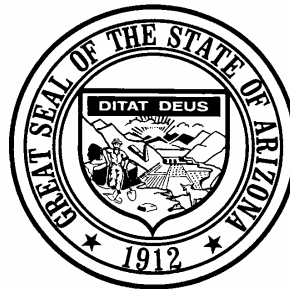
Obtaining quotes usually takes just a few minutes and there are few acceptable reasons for not requesting three quotes. For example, there may be only one available source for software maintenance or an emergency purchase must be made

immediately. If obtaining three quotes is not practicable, buyers should contact the agency chief procurement officer or State Procurement Office.

### **What if I just cannot find a small business, minority-owned enterprise or women-owned enterprise?**

Occasionally a product may not be available from a small business or a minority-owned or women-owned business. Buyers are required to make a reasonable effort to seek qualified sources for products or services. If a small business or minority-owned or women-owned enterprise cannot be located after a reasonable search, the buyer may seek another source. Remember to document your search.

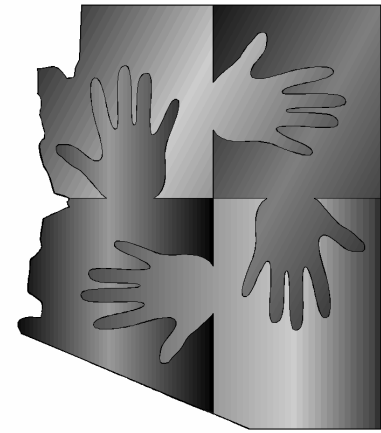
**For questions or assistance regarding these guidelines, call the agency purchasing office or the State Procurement Office.**



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### **Small Purchase Guidelines (Under \$25,000)**



**Arizona State  
Procurement**